

EXHIBIT F

Miller, Craig - Vol. III

April 28, 2009

Sacramento, CA

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UNITED STATES DISTRICT COURT

DISTRICT OF MASSACHUSETTS

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IN RE PHARMACEUTICAL INDUSTRY

AVERAGE WHOLESALE PRICE

LITIGATION

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THIS DOCUMENT RELATES TO MDL No. 1456

State of California, ex rel. Civil Action:

Ven-A-Care v. Abbott 01-12257-PBS

Laboratories, Inc., et al.

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TUESDAY, APRIL 28, 2009

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VIDEOTAPED DEPOSITION OF

CRAIG MILLER - VOLUME III

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Reported By: PATRICIA McCARTHY, CSR No. 12888

Registered Professional Reporter

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1 compilation made of the average manufacturer's 2 price because it wasn't used.	1 Q. Were all drugs treated as prior 2 authorized? Or were -- strike that. 3 Maybe it makes sense to back up. Prior 4 to -- prior to August of 1992, was the -- were 5 drugs that did not have a supplemental rebate 6 agreement -- for drugs for which there was no 7 supplemental rebate agreement with California, 8 were they subject to prior authorization?
3 Q. Okay. Was the rebate calculated as a 4 percentage of the AMP for the state supplemental 5 rebates?	9 A. My understanding is they were.
6 A. It was calculated in a variety of 7 manners back then. It could have been, there were 8 contracts that I had seen or heard of that were 9 volume based contracts or if-then contracts as 10 well as more common at that time, a percentage of 11 AMP.	10 Q. Okay. And then in August of 1992 -- 11 well, I guess what changed in August of 1992 under 12 the mandatory supplemental rebate program?
12 Q. Okay. And would those be negotiated 13 with the manufacturer on kind of an individual 14 drug by drug basis?	13 A. My understanding is that the -- that the 14 -- that is why I believe "mandatory" is a bit of a 15 misnomer. 10 percent is now the baseline for all 16 drugs with the alternative being prior 17 authorization for those drugs.
15 A. Yes.	18 Q. Okay.
16 Q. Is that correct?	19 A. Whereas prior to that, it was a 20 negotiation between the manufacturer and the 21 state.
17 A. Yes.	22 Q. Okay. So really, all that changed in
18 Q. And then in August of 1992, the 19 California instituted a mandatory supplemental 20 rebate program; is that correct?	
21 A. That's correct.	
22 Q. Okay. And how -- so prior to August of	
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1 1992, the state supplemental rebate agreements, 2 those were voluntary?	1 August of 1992 was that there was just kind of a 2 mandatory 10 percent supplemental rebate 3 instituted?
3 A. That's correct, they were.	4 A. That's correct.
4 Q. How -- starting in August of '92 under 5 the mandatory supplemental rebate program, how 6 were rebates calculated?	5 Q. And if a drug manufacturer didn't enter 6 into one of those agreements, the drug was just 7 subject to prior authorization?
7 A. Rebates weren't calculated any 8 differently except that it was across the board, 9 10 percent.	8 A. That's the requirement of the 9 legislation.
10 Q. Okay.	10 Q. Okay. And that program remained into -- 11 in effect until it looks like December 31, 1996?
11 A. The word "mandatory" is a bit -- maybe 12 perhaps not the best choice of words. It -- all - 13 - all drugs in California are subject to prior 14 authorization with some limited exceptions, except 15 for those drugs -- for those drugs for which 16 manufacturers have signed a supplemental rebate 17 agreement.	12 A. I believe the -- as I recall, the first 13 mandatory supplemental contract was only a one 14 year. That was for the fiscal year. I don't 15 recall the dates.
18 Q. Okay. So starting in 1992 -- I just 19 want to understand the mandatory nature.	16 Q. Okay.
20 Were all manufacturers were required to 21 enter into a supplemental rebate agreement?	17 A. But I believe it was for the one year 18 period. Then in 1994, essentially equivalent 19 legislation was passed to make a two-year program 20 with the additional reduction in pharmacy, 21 reimbursement for dispensing fee of 50 cents.
22 A. That's correct.	22 Q. Okay. Was it -- was it the same, it was

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